

## **Kansas Oil and Gas Hall of Fame Banquet**

By Congressman Jerry Moran

April 2, 2005

First I would like to thank the Oil & Gas Hall of Fame for inviting my wife Robba and me to join you tonight. I had the opportunity to speak to this group in 2002, and I would especially like to thank Alan DeGood and Danny Biggs for inviting me back to speak when crude oil prices are higher.

It is a pleasure to be with you tonight to honor those being inducted into the hall of fame. As many of you know, I have a personal connection with the oil and gas industry through my father, who worked the oil patch for many years.

The history of oil and gas production in Kansas is a story of pioneers willing to take risks to bring economic prosperity to their communities. There have been times of good production and decent prices and other times of low prices and economic hardship. However, the resolve of oil

and gas producers remains strong and is a testament to the commitment and work ethic of those who work in this industry.

The inductees we honor tonight have at least one trait in common-leadership. They are leaders in their companies, their industry, and their communities. As I mentioned in my remarks in 2002, it is this very characteristic of leadership that makes the difference between success and failure, between innovation and status quo. The individual cannot be underestimated. The legacy that leaders leave by bettering the world around them endures and creates ripple effects in the lives of other potential leaders.

So to the inductees, I congratulate you. Thank you for your leadership and your contributions to the state of Kansas.

We live in exciting and challenging times. The war on terrorism, the ballooning federal deficit, the major reforms proposed for many government programs, the expanding trade deficit, and the continuing economic struggle are all topics we see on the nightly news. An addition to this list is the ever-increasing concern over the long-term energy needs of this country.

Americans consume 21 million barrels of oil a day, which is a full one-quarter of the total world consumption of 84 million barrels.

Worldwide consumption is increasing at a dramatic rate.

China alone is the second largest oil consumer, at 6.4 million barrels, and is expected to double its demand by 2020.

Reserve capacity is estimated at 1.5 million barrels a day, which is the lowest in 30 years.

The reduction in discoveries of large reserves of oil is largely attributed to the fact that 72 percent of the world's reserves are controlled by state-owned oil companies.

Our reliance on foreign oil continues to grow, and encouraging domestic production makes sense not only from an economic standpoint but for our national security as well.

Part of the answer to this challenge resides right here in our home state of Kansas. As you know, Kansas ranks eighth among states in the production of oil and seventh in the production of natural gas. Kansas oil and gas production is nearly a \$3 billion per year industry, which means less money going to the Middle East and more money is remaining in our local economy.

This significant industry is the second largest in terms of gross state product. While Kansas wells only produce on average 2.27 barrels per day, drilling in Kansas is nearly at capacity.

Kansas is also home to technology advances such as CO<sub>2</sub> enhanced oil recovery in Russell. This \$4.4 million project is showing promise of recovering more oil from our state using carbon dioxide byproducts from an ethanol plant. I also support efforts to locate Future Gen, the first zero emissions coal power plant, in Kansas, which would allow for CO<sub>2</sub> oil recovery.

I firmly believe the U.S. needs to implement a national energy policy. Actions must be taken now to curb the growth of oil imports, which account for nearly 60 percent of our consumption. I am disappointed that Congress has been unable to sign an energy bill into law. The House passed energy legislation twice in the 108<sup>th</sup> Congress, and I am eager to support similar legislation this year.

The single most important factor to the success of oil and gas producers in Kansas is the men and women that make up these companies and their management decisions based on market

forces. However, I feel it is vital that government actions work to promote and not inhibit their entrepreneurial efforts.

Throughout my time in Congress I have worked to improve the profitability of producers in Kansas by supporting legislation such as marginal well tax credits. Previous years of capping low production wells have taken their toll on the Kansas economy.

Despite the many challenges that we face today, I can't help but think that the spirit of the American people to make their lives better, the country stronger, and the world a safer place will prevail. Difficult times lead to innovations in both technology and business strategy, and I have little doubt that the scarcities of today will drive the progress of tomorrow.

Thank you again for allowing me to join you this evening in honoring the new inductees to the Kansas Oil and Gas Hall of Fame. I also thank you for the privilege of representing my fellow Kansans in Washington. I am honored to join the leaders in this room in their efforts to enhance the unique and valuable way of life we enjoy in Kansas.

Thank you again.

